

City of Frisco
Managing Risks and Controls – Using the COSO Framework
Working Draft – March 15, 2013

Committee of Sponsoring Organizations (COSO) Framework

Control Environment	Risk Assessment	Control Activities	Information and Communication	Monitoring
Sets the tone of an organization and serves as a foundation for all other components.	Identifies and analyzes risks to achieving objectives. Determines how risk should be managed.	Encompass policies and practices along with process-level procedures that ensure management's directives are carried out.	Captures and exchanges relevant information to use as a basis for decision making. Also, effectively communicates roles and responsibilities for maintaining internal controls.	The ongoing assessment of internal control quality to assure controls are operating as intended.

City of Frisco Strategy

<p align="center"><u>Governance Oversight</u></p> <p>In Place:</p> <ul style="list-style-type: none"> ● Council reviews significant business decisions and actions ● Audit/Budget Committee ● Financial expertise on audit committee ● Senior Management Monitoring of Operating Activities ● Train employees on Fiduciary and Internal Control responsibility ● Code of Conduct available to City employees (2012) ● Communicate Code of Conduct to third parties (2012) <p>Planned Actions:</p> <ul style="list-style-type: none"> ● Internal Audit Co-Sourcing Strategy ● Develop Audit committee charter and annual plan ● Implement a third party whistle-blower program 	<p align="center"><u>Understanding Our Risk</u></p> <p>In Place:</p> <ul style="list-style-type: none"> ● Informal review of entity wide risk ● Finance meets with key operating personnel on a regular basis ● Informal review of significant risks related to financial reporting ● IT Model COBIT ● ICMA Fire Mgmt Study (2012) ● Public Works Mgmt Study (as a planned 2012) audit. ● HUD Audit CDBG (2012) <p>Planned Actions:</p> <ul style="list-style-type: none"> ● Formalize financial reporting annual risk assessment process ● Formalize entity-wide risk assessment process ● Design fraud risk assessment plan ● Design a business continuity management plan (2012) ● Develop a disaster recovery plan(2012) 	<p align="center"><u>Know What We Are Doing</u></p> <p>In Place:</p> <ul style="list-style-type: none"> ● Segregation of Duties ● Financial Policies ● Narratives and desktop procedures in most areas ● Fire and Police SOP ● Human Resources Policies ● Investment Policies ● Revenue Collections ● Inventory/Assets ● Travel Policies ● Dev Services Cash Handling ● Municipal Court (State) <p>Planned Actions: Review and Update the Documentation for:</p> <ul style="list-style-type: none"> ● Purchasing / Procurement (XXXX) ● CIP / Debt (XXXX) ● Payroll (2012) (IRS Audit) ● Tax Audit (MuniServ) ● Solid Waste Audit (MuniServ) ● HR Database Review (XXXX) 	<p align="center"><u>Communicating to the Organization</u></p> <p>In Place:</p> <ul style="list-style-type: none"> ● Management in charge of financial reporting periodically meets with operations to obtain information affecting financial reporting ● Intranet website (Citylink) for employees to obtain information relating to the City ● Breakfast with George ● Communication of internal controls and financial reporting objectives to employees – See Finance Annual Training Calendar/See Supervisor and Leadership Academy Calenders <p>Planned Actions:</p> <ul style="list-style-type: none"> ● Communicate whistle-blower information to employees 	<p align="center"><u>How Are We Doing</u></p> <p>In Place:</p> <ul style="list-style-type: none"> ● Entity-wide Data Analysis ● Internal audit activities ● Independent external audit <p>Planned Actions:</p> <ul style="list-style-type: none"> ● Implement periodic management review of internal controls ● Formalize process of reviewing financial statement account risk as related to internal controls ● Internal audit activities plan ● Communication of financial reporting deficiencies to appropriate manager (if any) ● Update the list of major internal controls to monitor for occurrence ● Monitor and test the City's business continuity management plan
--	---	--	---	---